

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 17
(MC2017-125)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2017-177

**USPS NOTICE OF CHANGE IN PRICES PURSUANT TO
AMENDMENT TO PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 17**
(December 21, 2017)

The Postal Service hereby provides notice that prices under Priority Mail Express, Priority Mail, and First-Class Package Service Contract 17, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Express, Priority Mail, and First-Class Package Service Contract 17 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days after the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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December 21, 2017

ATTACHMENT A

**REDACTED AMENDMENT TO PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 17**

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL EXPRESS,
PRIORITY MAIL
AND
FIRST-CLASS PACKAGE SERVICE

WHEREAS, the United States Postal Service ("the Postal Service") and [REDACTED] ("Customer") entered into a Shipping Services Contract regarding Priority Mail Express, Priority Mail and First-Class Package Service, PME-PM-FCPS Contract 17/Docket No. CP2017-177, on April 17, 2017.

WHEREAS, the Parties desire to amend the terms in Sections I.B, I.C, I.G. (including Tables B, 2, 5 and 8, but retaining Section I.G.4 and Tables 1, 3, 4, 6 and 7) of the Contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B and I.C, as follows.]

I. Terms

B. This Contract applies to Customer's packages (collectively "Contract Packages"), as follows:

1. Outbound Priority Mail Express packages [REDACTED]
2. Inbound and Outbound Priority Mail packages [REDACTED]
3. Inbound and Outbound First-Class Package Service – Commercial packages [REDACTED] and [REDACTED]
4. Outbound Priority Mail packages [REDACTED]

C. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System (eVS), other USPS approved manifest systems, or

[REDACTED]

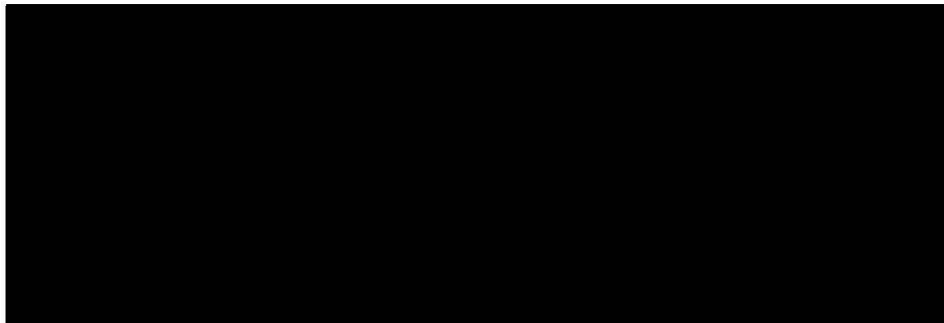
USPS approved PC Postage vendors for payment of such packages. Customer shall provide the Postal Service, in writing, a list of its permit numbers and/or PC Postage accounts for approval. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages and Customer's other Priority Mail Express, Priority Mail and First-Class Package Service - Commercial packages shipped from authorized permits and/or PC Postage accounts shall count toward the volume commitment in Sections I.E and I.G with Table B below.

[Replace the first paragraph in Section I.G and Sections. I.G.1- 3 (retaining I.G.4), as follows.]

G. Contract Prices. Customer shall receive pricing based on Customer's total number of Contract Packages and Customer's other Priority Mail Express, Priority Mail and First-Class Package Service - Commercial packages ("Total Packages") shipped per Contract Quarter, as follows:

1. Implementation Period. From the effective date of this amendment until March 31, 2018 ("Implementation Period"), and for the period April 1, 2018 through June 30, 2018, Customer shall pay Tier 3 prices pursuant to Tables 7, 8 and 9 below.
2. Subsequent Prices. Beginning July 1, 2018, contract prices will be based on Customer's volume of Total Packages shipped during the previous Contract Quarter, pursuant to Table B below.
3. The Postal Service will monitor Customer's volume of Total Packages, and, within 15 days after the start of each Contract Quarter, will notify Customer of the applicable tier for that Contract Quarter based on Table B, with corresponding prices found in Tables 1 through 9 below. Tier price changes will be effective within 15 days after the start of each Contract Quarter. Discounted prices will be calculated by the Postal Service and rounded up to the nearest whole cent.

[Replace Tables B, 2, 5 and 8 but retain Tables 1, 3, 4, 6 and 7 as follows.]



[REDACTED]


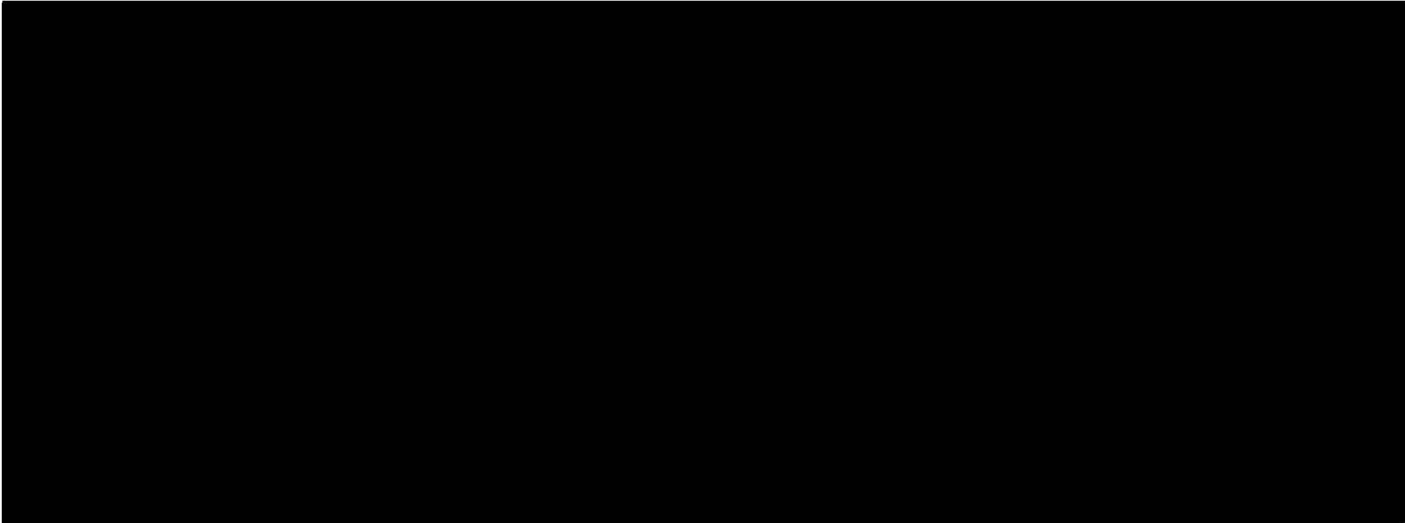
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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- I. Quarterly Business Reviews. The Parties shall, within fifteen (15) calendar days after the conclusion of each full Contract Quarter in each Contract Year, jointly conduct a business review of Customer's Total Packages and other performance expectations under this contract either in person, by telecom, or by webinar. If either Party is unable to conduct a business review within fifteen (15) calendar days after the conclusion of the above referenced contract quarters, it shall notify the other Party in writing (i.e. email or mail) of that fact and propose a date as soon as practicable thereafter. The Postal Service must notify Customer, within fifteen (15) calendar days after the start of each full Contract Quarter, of the applicable tiered discounts for any Contract Packages shipped during that Contract Quarter. The calculated rate for the new Contract Quarter will become effective within fifteen (15) calendar days from the start of the new Contract Quarter.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: _____

Printed Name: Cliff Rucker

Title: Senior Vice President, Sales and Customer Relations

Date: 12/4/17

ATTACHMENT B
FINANCIAL CERTIFICATION

**Certification of Prices for Amendment to
Priority Mail Express, Priority Mail, and First-Class Package Service
Contract 17**

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail Express, Priority Mail, and First-Class Package Service Contract 17. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on in the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**Steven
Phelps**

Digitally signed by Steven Phelps
DN: cn=Steven Phelps, o=Pricing
and Costing, ou=Pricing,
email=steven.r.phelps@usps.gov,
c=US
Date: 2017.12.21 15:46:45 -05'00'

Steven R. Phelps